

State of our state revolves around core issues

Some claim that Hawaii has become a national leader in economic growth in the last year in spite of, rather than because of, state and county governments.

That perception reinforces a widely held belief that doing business in Hawaii is especially difficult because of excessive government regulation, intervention and high taxes.

We believe that it is possible to run a thriving business in Hawaii under present governmental confines. Removing the barriers to success, though, would definitely make the state more attractive both to keeping present companies and to bringing new ones.

That's why businesspeople will be watching especially closely the second State of the State address by Gov. Linda Lingle later this month. She was elected substantially on the promise that the first Republican governor in 40 years would have the power and the vision to bring needed changes.

Reports suggest that Lingle will have ideas in her speech about reducing the bureaucracy and costs associated with permits and licenses, addressing workers' comp and health-care issues and allowing tax credits and other incentives that encourage business development.

More than most states, the governor in Hawaii has considerable control in determining the viability and ultimate fate of legislation. Last year, we felt that her first State of the State message was so general that there would have been little economic impact even if all the items had been achieved.

1. Public education

Public education is certain to again be a top priority for the governor – and one we share. Expect Lingle to continue to fight for local school boards, for removing principals from unions and for better funding for charter schools, ideas we could support, too.

But as the debate over schools widens, there has to be an acknowledgement that the

quality of the school tracks with the economy of the community where it's located.

It simply means that producing kids prepared for life is going to cost more in economically depressed areas. Seriously addressing education issues will require spending more money to impact outcomes.

That's something no

governor or legislator is very excited about hearing.

2. Work-force development

Close to education is work-force development, potentially the greatest impediment to economic growth in Hawaii. We could end up with good jobs but few people trained to fill them. We're not convinced, for example, that the federal money coming into Hawaii for worker training is being effectively spent.

*Seriously
addressing
education issues
will require
spending more
money to impact
outcomes.*

We also are concerned about the increased emphasis on the University of Hawaii community colleges as "feeder" institutions for the main campus at Manoa. That could mitigate the important roles by community colleges in work-force development and in preparing high school graduates lacking math and reading skills needed to enter college or the workplace.

3. Workers' comp, insurance

Last year, readers of PBN were polled about the most important business problems in the state. The No. 1 issue, cited by 73 percent, is the cost of benefits and health insurance.

Much of the solution in health insurance lies beyond control of state government. Last year, Lingle proposed allowing for increased competition, laws that would reduce frivolous lawsuits against doctors and changing the basis for workers' comp stress claims.

We would suggest changing state law that caps employee payment for health-care plans at 1.5 percent of their salary. It requires Hawaii companies to do more than their mainland counterparts – and that's a huge issue as health-care insurance costs soar.

We'd also challenge the laws that require a workers' comp claim review to begin with the presumption that the employee is right. That's contrary to common sense and the rules of law that provide for fair trials and hearings.

4. Streamline state government

A few years ago, Gov. Ben Cayetano

assigned his lieutenant governor, Mazie Hirono, to prepare legislation to eliminate red tape in state government, but nothing much came of it. There still is a lot that can be done with will and commitment. A few suggestions:

- ◆ Reduce state-county overlap in the permitting process and set a maximum time for review and action.

- ◆ Stop talking and start moving on overlapping state-county services in areas like highways, parks and human services.

- ◆ Modernize computer and business systems in state agencies. Most have outdated systems that hinder dealing with the public effectively.

- ◆ Audit the Department of Transportation. This huge state agency traditionally receives little legislative oversight because so many of the operations are funded with user fees. D.O.T as a result has become of bastion of bureaucracy, a place so insensitive to public input that it thinks bright chartreuse signs at the airport are a public service.

There are no simple solutions to ensuring a viable future for Hawaii. But there can be directions that clearly can make the business environment better in the longer run.

We're frankly excited about the State of the State address because it's coming from a governor whose business-support credentials are intact. She also can be more effective with input from the business community, especially from individuals.